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No. 443

In the

Supreme Court of the United States

OCTOBER TERM, 1967

COULTER ELECTRONICS, INC.,

Petitioner,

vs.

A. B. LARS LJUNGBERG & CO.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit entered on May 9, 1967.

OPINIONS BELOW

The memorandum opinion of the District Court for the Northern District of Illinois (R.73)* is not reported but is printed in the Appendix hereto, *infra*, P. 1a. The opinion of the Court of Appeals for the Seventh Circuit, printed in the Appendix hereto, *infra*, P. 3a, is reported at 376 F.2d 743.

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* All such record citations are to the Appendix to Brief For Plaintiff-Appellant filed with the Court of Appeals for the Seventh Circuit.

JURISDICTION

The judgment of the Court of Appeals for the Seventh Circuit was entered on May 9, 1967. A petition for rehearing was not filed. Jurisdiction of this Court is invoked under Title 28, U.S. Code, Section 1254(1).

QUESTION PRESENTED

Whether the patent venue provisions of Title 28, U.S. Code, Section 1400(b) should be construed to confer personal jurisdiction over a corporate alien patent infringer which does not maintain an office or place of business in the United States in its own name but which has been operating in this country in a regular and established manner through a United States based distributor and currently, through a sole and exclusive distributor.

STATUTES INVOLVED

28 U.S.C. 1338(a) provides:

Patents, copyrights, trademarks and unfair competition.

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

28 U.S.C. 1400(b) provides:

Patents and copyrights.

Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

28 U.S.C. 1391(d) provides:

An alien may be sued in any district.

STATEMENT OF THE CASE

The verified Amended Complaint charges infringement of two patents (R.7). Respondent moved timely to quash service of process and dismiss the Amended Complaint for lack of proper venue. The District Court granted the motion and dismissed the case "because of improper venue" (R.72).

The Parties

Petitioner, Coulter Electronics, Inc., is an Illinois corporation with extensive manufacturing, sales and distribution facilities in the United States for the patented products (R.70) which are referred to generally, as particle analyzing instruments.

Respondent, A. B. Lars Ljungberg & Co., is an alien (Swedish) corporation. Respondent manufactures the accused particle analyzing instruments, which are known by the trademark "Celloscope", in Sweden and elsewhere outside of the United States and ships them to the United States for resale through an exclusive and sole distribution agency.* Respondent does not have or maintain an office or place of business in the United States which is listed in its name.

Proceedings in the District Court

The original Complaint (R.2) named Lars Ljungberg, a Swedish national, as a co-defendant with respondent. Mr. Ljungberg is President of respondent. At the time of filing the Complaint, Mr. Ljungberg was in Chicago for

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*The sole and exclusive distributing agency in the United States for the Celloscope instruments is Particle Data Laboratories, Inc. ("PDL"), an Illinois corporation, having its only place of business in the Northern District of Illinois (R.28).

a trade show at which the Celloscope instruments were being displayed at the booth of PDL. An attempt to serve summons upon Mr. Ljungberg at this time failed.

Thereafter, petitioner obtained leave to file an Amended Complaint and drop the individual, Lars Ljungberg, as a party defendant (R.6). The Amended Complaint and an Alias Summons were then served personally on Robert H. Berg, President of PDL, pursuant to Rule 4(d)(3) of the Rules of Civil Procedure so as to effect service of process on respondent.

Respondent filed its motion to quash service of process and to dismiss the action for lack of proper venue under 28 U.S.C. §1400(b) accompanied by a statement purporting to be signed by Lars Ljungberg but not under oath, the affidavit of Robert H. Berg and a copy of an instrument entitled "Sales Agreement" between respondent and PDL (R.14). Petitioner took the deposition upon oral examination of Robert H. Berg (R.24) and filed a brief opposing the motion, accompanied by the affidavit of Joseph R. Coulter, Jr., President of petitioner (R.57). The District Court's decision was based on this submitted material.

Facts Pertaining to Relationship Between Respondent and PDL

Respondent manufactures the Celloscope instruments in Sweden and air freights the same to PDL in Chicago where PDL obtains physical possession thereof. Respondent claims to transfer title to the instruments upon delivery thereof to the carrier in Sweden.

The Sales Agreement names respondent as the manufacturer and states that the parties desire "to provide for exclusive distribution and sale of ABL (respondent) equipment" in the United States and "to provide for the use, licensing and control of certain trademarks." (R.16). Respondent agrees not to sell or ship such equipment to

the United States except by direction of PDL as stated in Paragraph 2 of the Sales Agreement (R.17). PDL agrees not to manufacture analysis equipment "in competition with ABL (respondent) equipment nor will it manufacture or sell competing parts" except as noted in Paragraph 3 of the Sales Agreement (R.18).

Although Paragraph 6 of the Sales Agreement (R.18) specifies payment for the equipment to be cash on delivery unless otherwise agreed, a substantial number of Celloscope instruments were delivered to PDL without payment. No evidence was produced by PDL of another agreement by way of explanation (R.40; R.42-43).

Paragraph 9 identifies respondent as the owner of the "Celloscope" trademark and grants to PDL an exclusive license to use the trademark in the United States (R.19). Paragraph 16 assures reassignment by PDL to respondent of all rights to the trademark "Celloscope" upon termination of the agreement. The agreement is governed by Illinois Law as specified in Paragraph 17 (R.21).

The Celloscope instruments are maintained in inventory by PDL (R.36) and have been sold in Illinois (R.37), so that acts of infringement have occurred in the Northern District of Illinois. There is no issue as to jurisdiction over the subject matter of this suit.

Since July, 1964, the date of the Sales Agreement, respondent has delivered to PLD between thirty and forty Celloscope instruments (R.39). All of these instruments are in the United States in the possession of PDL (R.40). These instruments sell for approximately $1800, or more, depending on the model of the instrument (E.8).*

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* All such exhibit citations are to Plaintiff-Appellant's Book of Exhibits Submitted Under Court of Appeals Rule 18(a) filed with the Court of Appeals for the Seventh Circuit.

Notwithstanding that the Sales Agreement identifies respondent as the manufacturer of the Celloscope instruments, and the fact that the instruments carry conforming nameplates (E.2; E.3; E.6; R.48), PDL also represents to its customers and prospective customers that it is the manufacturer of the Celloscope instruments (E.9; E.10; R.45-49), so that purchasers of the Celloscope instruments can be led to believe they always are dealing with the manufacturer.

Respondent has been conducting business in the United States in the Celloscope instruments at least since 1960. A consent judgment of infringement of the two patents in suit was entered in the District Court for the Southern District of New York, in *Coulter Electronics, Inc.* v. *Schueler & Co. et al.*, Civil Action No. 60 Civ. 540, in July, 1961, against a then dealer of respondent selling the Celloscope instruments (R.71). Respondent did not appear in that case.

There has been a continuous history of conflict between these parties because of infringement of corresponding subject matter patents by the Celloscope instrument. This conflict was carried to many foreign countries, for instance, Germany, France, Mexico, Great Britain, and others (R 70). There is a judgment for patent infringement in Mexico and a judgment for infringement in France from which an appeal was taken unsuccessfully by Mr. Ljungberg. Although these additional conflicts occurred in foreign jurisdictions, they characterize the competitive tactics of respondent in connection with the Celloscope instruments (R.70).

The Court below affirmed the dismissal order of the District Court stating that respondent did not have a regular and established place of business in the Northern

District of Illinois as called for literally by 28 U.S.C. §1400(b). Further, the Court held that "Faced with two conflicting views as to proper interpretation of Section 1400(b)" it chose to follow the rulings of the Supreme Court in *Fourco Glass Co.* v. *Transmirra Products Corp.* (1957) 353 U.S. 222, and *Schnell* v. *Peter Eckrich & Sons* (1960) 365 U.S. 260, to the effect that Section 1400(b) controls venue in this case, Appendix, *infra*, P. 3a.

This petition for the writ of certiorari seeks a review of the judgment of the Court of Appeals based on that decision.

REASONS FOR GRANTING THE WRIT

1. Unless this Court takes positive, definitive action, a foreign manufacturer will continue to succeed in infringing United States patents with impunity by the subterfuge of technical passing of title of the accused product in the foreign country. This is a matter of extreme public importance in view of this country's mushrooming commercial and business intercourse with foreign-based businesses.*

The Court of Appeals summarized the problem well as seen from the following statements:

> * * * Plaintiff further says that Section 1400(b) should be construed to give a patent owner means for proceeding against an alien corporate infringer in a federal district court upon whom exclusive subject matter jurisdiction for patent infringement proceedings is conferred by statute.

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*It is significant to note that importation into the United States has been ever on the increase, and particularly, within the past ten years, has nearly doubled. Total general imports amounted to $13.0 billion in 1957, and $25.6 billion in 1966. *United States Foreign Trade Summary Report,* No. FT 900-I, December, 1966.

Plaintiff concludes its argument thusly—

"Plaintiff does not ask that legislative action be taken by this Court. Rather, this Court is asked to construe Section 1400(b) in a realistic and practical manner to confer personal jurisdiction over an alien patent infringer operating in this country through a sole and exclusive distributor".

In spite of plaintiff's protests, we think it is asking us for "judicial legislation." It may well be that Congress should take appropriate action so that a foreign manufacturer may not infringe United States Patents with impunity and sell the infringing device in this country by means of an exclusive sales contract which provides for a passing of title of the product in the foreign country.

Clearly, asking this Court to take positive, definitive action where a federal statute must be construed to establish the intent and meaning thereof is not asking for "judicial legislation". The meaning of Section 1400(b), in instances where an alien manufacturer is concerned, requires such positive, definitive action by this Court in order to enable the federal courts to resolve controversies under the patent statutes and to prevent them from being stymied. It was neither the intention of Congress in enacting the patent venue statute, nor of this Court in its prior decisions relied upon by the Court of Appeals, to prevent patent infringement action under any and all circumstances against an alien corporate infringer which does substantial businesss in this country through a sole and exclusive distributor.

Could it be said that Congress, by enacting the patent venue statutes, and this Court, in its prior interpretation thereof, deliberately intended to grant a special privilege to an infringer because it is a corporate alien operating through a sole and exclusive distributor? Is this an im-

munity which inexorably follows from a reading of the law and its past interpretation by this Court? The Court below would answer affirmatively, and thus choose to advocate an untrammeled use of intellectual property. Unquestionably this Court should lay at rest once and for all the doubts which exist and enunciate the true meaning of the statute.*

The Court must face this contemporary problem which the Court of Appeals side-stepped, relying erroneously upon this Court's prior decisions on patent venue problems which did not concern such an alien domiciled manufacturer charged with infringing activities committed in this country through its sole and exclusive distributor.

Prevailing federal government philosophy is to encourage importation of foreign-made products, as evidenced by President Johnson's recent signing of the Kennedy round tariff agreements (General Agreement of Tariffs and Trade, 1964-1967 Trade Conference, Geneva, Switzerland), a report concerning which was made by the Office of Special Representative for Trade Negotiations. An explanatory note in this report states, in part,

> The basic tariff reduction authority granted to the President by the Trade Expansion Act was to reduce duties by 50 percent of the rate existing on July 1, 1967.

It is unrealistic and impractical to encourage such increased introduction into the United States of foreign-made products which will compete with American-made products but, which will not be subject to U. S. patent

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* In *Shapiro* v. *U. S.* (1948) 335 U.S. 1, a writ of certiorari was granted where the question presented concerned an important question of statutory construction just as is here involved.

laws because the alien manufacturer does not list a place of business in this country and uses the subterfuge of title transfer to his product outside the country prior to its entry.

The question presented is of importance also because it concerns the jurisdiction of the United States courts and the construction and application of an Act of Congress. Settlement of the question by this Court clearly is in the public interest, since it is likely to be repeated with increasing incidence in patent infringement controversies involving alien foreign corporations operating in this country through a sole and exclusive distributor, for instance, or other agency. The alien corporation should not remain insulated from the sanctions of the federal judiciary system for resolving patent disputes.

The problem is a genuine one. It arises while we are on the threshold of a new era of commerce, where the arts and sciences are to be encouraged, not discouraged. Why should an American disclose his invention to have it flagrantly lifted by the foreign maker whose ease of infringement is sanctioned by an erroneous interpretation of the law?

2. The decisions of the courts below in the instant case are in conflict with applicable decisions of the Supreme Court. The case of *In re Hohorst* (1893), 150 U.S. 653, Appendix, *infra*, P. 9a, is still sound law and has never been reversed or modified by the Supreme Court. The Court held in *Hohorst* (p. 662):

> Upon deliberate advisement, and for the reasons above stated, we are of the opinion that the provision of the existing statute, which prohibits suit to be brought against any person "in any other district than that whereof he is an inhabitant" is inapplicable to an alien or foreign corporation sued here, and especially in a suit for the infringement of a patent

> right; and that consequently, such a person or corporation may be sued by a citizen of a state of the Union in any district in which valid service can be made upon the defendant.

The *Hohorst* decision specifically has never been reviewed by the Supreme Court; nor has it ever been overruled. Since *Hohorst,* the Court has had no occasion to review the law regarding the patent venue provisions applicable to an alien corporation doing business in this country through a distributor. This lack of a recent authoritative decision has caused confusion among the authorities and the courts. In addition to the conflict with applicable decisions of the Supreme Court, the courts below are in conflict with the District Court case of *Olin Mathieson Chemical Corp.* v. *Molins Organizations, Ltd.,* (E.D. Va., 1966), 261 F. Supp. 436, Appendix, *infra,* p. 21a, and with Professor Moore, 1 Moore, Federal Practice, ¶0.142[6] at p. 1510.

The question presented is in dispute and will remain so until settled by the Supreme Court.

3. On April 8, 1965, President Johnson established the President's Commission on the Patent System, by Executive Order No. 11215. The Commission was directed to "recommend to the President steps to ensure that the patent system will be more effective in serving the public interest in view of the complex and rapidly changing technology of our times." The Commission's report was transmitted to the President on November 17, 1966 and in the Introduction to the Commission's report, some considerations are set forth as follows:

> First, a patent system provides an incentive to invent by offering the possibility of reward to the inventor and to those who support him. This prospect encourages the expenditure of time and private risk capital in research and development efforts.

> Second, and complementary to the first, a patent system stimulates the investment of additional capital needed for the further development and marketing of the invention. In return, the patent owner is given the right, for a limited period, to exclude others from making, using or selling the invented product or process.
>
> Third, by affording protection, a patent system encourages early public disclosure of technological information, some of which might otherwise be kept secret. * * *
>
> Fourth, a patent system promotes beneficial exchange of products, services and technological information across national boundaries by providing protection for industrial property of foreign nationals.

The Commission's report thereafter identified as one of its objectives:

> 4. To reduce the expense of obtaining and litigating a patent.

In connection with this objective, the Commission's recommendations in Section 23, 24 and 25 are relevant to patent litigation. These recommendations are designed to reduce the burden of litigating patent validity and infringement. In the same context, this Court can also consider the problem of repeated litigation involving a patent which is encouraged where the manufacturer of the accused product is an alien manufacturer. A judgment against the first distributor of such an alien manufacturer is not *res judicata* as to a subsequent distributor not a party to the first litigation where the alien manufacturer also is not a party to this litigation.*

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* Proposed legislation to implement the Commission's report has been sent to the Congress and presently is referred to the Committee on the Judiciary as Senate Bill S. 1042 and House Bill H.R. 5924.

In view of these considerations, the venue provisions of the Judicial Code as they relate to an alien manufacturer which exports accused products to the United States without itself having an office or place of business in its own name in the country should be reviewed. Avoiding a multiplicity of lawsuits on the same accused product and affording proper patent protection against such an infringer is a matter of significant public interest warranting the attention of this Court.

CONCLUSION

For the foregoing reasons, petitioner respectfully requests that the Petition for Certiorari be granted.

Respectfully submitted,

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August, 1967

APPENDIX

Memorandum Opinion of District Court for the Northern District of Illinois, Eastern Division

Gentlemen:

In re: Coulter Electronics, Inc. v.
A. B. Lars Ljungberg & Co.
64 C 1148

The court, having read the affidavits and briefs that have been filed and the deposition of Robert H. Berg, is of the opinion that the defendant's motion to dismiss should be granted. An Order dismissing the case because of improper venue will be entered.

Venue in patent infringement actions is governed exclusively by Section 1400 (b) of Title 28. Fourco Glass Company v. Transmirra Products Corp., 352 U.S. 222; Stonite Products Company v. Melvin Lloyd Co., 315 U.S. 561.

Since the defendant is not a resident of Illinois venue cannot be based on the first alternative requirements of Section 14 (b) [sic], providing that the action may be brought in the judicial district "where the defendant resides." The issue then, for the purposes of venue, is whether "the defendant has committed acts of infringement and has a regular and established place of business" within this district.

The requirement for "a regular and established place of business" is more stringent than any concept of "minimum contacts" or "doing business." The Seventh Circuit made this clear in Knapp-Monarch Co. v. Casco Products Corp., 342 F2d 622 (1965)—stating at page 625:

> "Casco had many varied contacts in the State of Illinois. These contacts, simply because of their multiplicity and variety, do not demonstrate that the com-

pany had a regular and established place of business within the state, although they might well indicate that it was "doing business" in the Chicago area within the meaning of that term as it is contained in the general venue statute, Section 1391 (c) of the Judicial Code, 28 U.S.C., §1391 (c). Despite plaintiff's urging, we decline, however, to substitute the "doing business" test in Section 1391 (c) for the "regular and established place of business" test in Section 1400 (b). If we were to treat the two phrases as synonymous, we would ignore the holding in Fourco Glass to the effect that Section 1391 (c) does not supplement Section 1400 (b)."

The presence of a sole distributor of the defendant's instruments in this district is not sufficient to meet the test of a "regular and established place of business," and the defendant's motion to dismiss will therefore be granted.

Sincerely,

/s/ William J. Lynch
William J. Lynch

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 15895 SEPTEMBER TERM 1966 — APRIL SESSION 1967

COULTER ELECTRONICS, INC., an Illinois Corporation,
Plaintiff-Appellant,
v.
A. B. LARS LJUNGBERG & Co.
Defendant-Appellee.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

MAY 9, 1967

Before DUFFY, *Senior Circuit Judge*, FAIRCHILD and CUMMINGS, *Circuit Judges.*

DUFFY, *Senior Circuit Judge.* This is a suit for alleged infringement of two United States patents. The original complaint named Lars Ljungberg as the individual defendant. An attempted service on Ljungberg at the Palmer House in the City of Chicago was unsuccessful. Some time later, an amended complaint was filed including an alias summons. Lars Ljungberg was dismissed as a party defendant. The remaining defendant, A. B. Lars Ljungberg & Co. (Ljungberg) is a Swedish corporation with principal office in Stockholm, Sweden.

Particle Data Laboratories, Inc. is an Illinois corporation with place of business located in Elmhurst, Illinois. It is the sole and exclusive distributing agency in the United States for the accused Celloscope instruments. Its only place of business is within the Northern District of Illinois.

Plaintiff is an Illinois corporation with extensive manufacturing, sales and distribution facilities in the United States. It has manufactured particle analyzing instruments and sold them throughout the United States.

Defendant corporation Ljungberg is a resident of Sweden and manufacturers, in that country and elsewhere outside the United States, certain particle study apparatus known as "Celloscope" and "Celloscope 202."[1]

Plaintiff alleged that these Celloscopes are sold in the United States exclusively through Particle Data Laboratories (PDL), an Illinois corporation which it describes as an "Exclusive Distributing Agency." An attempted service of process on defendant corporation was made by serving Robert Berg, the president of Particle Data.

The defendant moved to quash service of process and to dismiss the amended complaint for lack of proper venue. The District Court granted the motion and entered an order dismissing the case "because of improper venue." The Court relied on a decision of this Court, *Knapp-Monarch Co.* v. *Casco Products Corp.*, 7 Cir., 342 F.2d 622, cert. den. 382 U.S. 828.

There is no issue here as to the jurisdiction of the District Court over the subject matter of this suit. The complaint alleges infringement by defendant of two patents owned by plaintiff, and that such infringements occurred in the Northern District of Illinois Judicial District.

28 U.S.C. § 1400 (b) provides: "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

Plaintiff argues that the provisions of Section 1400 (b) should be liberally construed; that defendant Ljungberg

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[1] Celloscopes and similar instruments are used in chemical and other laboratories for counting red and white blood cells, platelets and other blood cells.

does not maintain an office or place of business in the United States which is listed in its name; that Particle Data Laboratories is the sole and exclusive distributing agency in the United States for the accused Celloscope instruments.

Plaintiff points to a history of conflict between the parties over the alleged infringements of plaintiff's patents by the defendant's Celloscope instruments. The conflict has extended into several countries and a judgment has been obtained by plaintiff in Mexico and a judgment of infringement also has been handed down in France.

Plaintiff insists the phrase "a regular and established place of business" as used in Section 1400 (b) can mean the place of business of the United States based distributor where this is the regular and established manner in which the foreign corporation conducts and has conducted its traffic in the accused Celloscope instruments for many years. Plaintiff argues that the scheme or tactics of defendant of delivering the infringing instruments f.o.b. Sweden to the managing agent Particle Data should not serve as a basis or means for avoiding being called to account with respect to its infringing activities and piratical conduct.

Plaintiff further argues that the tendency of the court decisions has been to prevent corporations from interposing their foreign citizenship as a shield to venue when sufficient contacts exist with the forum in which suit has been brought.

There was a showing that Particle Data's method of operation is that sales of Celloscope instruments are made by defendant to Particle Data in Sweden where title passes. The instruments are then delivered to carriers in Stockholm which have been designated by Particle Data.

Since the completion of the sales agreement between defendant and Particle Data about July 30, 1964, Particle Data has purchased from defendant thirty to forty in-

complete Celloscopes. Particle Data then completed the machines in the United States. Particle Data has the sole right to the trademark "Celloscope" in the United States. Proof was made that the instruments are sold in the United States as products of Particle Data. However, one catalog sheet referring to Model 101-T reads: "Rugged, precise design created by world famous Swedish talent."

Plaintiff argues that Section 1400 (b) relates solely to venue and is not a jurisdictional statute, and that it never was intended by Congress to be so construed as to prevent actions being brought against an alien corporate infringer who has no listed office or place of business in the United States.

Plaintiff refers to *Fourco Glass Co.* v. *Transmirra Products Corp.* (1957), 353 U.S. 222, which is a case heavily relied on by defendant. Plaintiff says "The Court in *Fourco* did not presume to consider, and, in fact, did not consider the circumstance of an alien corporate defendant which could not be a resident of a judicial district and which did not have a regular and established place of business in the district, according to the literal language of §1400 (b). . . ." Plaintiff further says that Section 1400 (b) should be construed to give a patent owner means for proceeding against an alien corporate infringer in a federal district court upon whom exclusive subject matter jurisdiction for patent infringement proceedings is conferred by statute.

Plaintiff concludes its argument thusly—"Plaintiff does not ask that legislative action be taken by this Court. Rather, this Court is asked to construe Section 1400 (b) in a realistic and practical manner to confer personal jurisdiction over an alien patent infringer operating in this country through a sole and exclusive distributor."

In spite of plaintiff's protests, we think it is asking us for "judicial legislation." It may well be that Congress should take appropriate action so that a foreign manu-

facturer may not infringe United States patents with impunity and sell the infringing device in this country by means of an exclusive sales contract which provides for a passing of title of the product in the foreign country.

Considering the strong plea by plaintiff for a liberal construction of the patent venue statute, we have in mind that this Court recently held that "patent venue provisions are not to be construed liberally." *Mid-Continent Metal Products Co.* v. *Maxon Premix Burner Co., Inc.*, 7 Cir., (1966), 367 F.2d 818, 820.

The Supreme Court also has spoken on this point. In *Schnell* v. *Peter Eckrich & Sons* (1960), 365 U.S. 260, 264, quoting from a previous decision of that Court,[2] and referring to Section 1400 (b), the Court stated "The requirement of venue is specific and unambiguous; it is not one of those vague principles which, in the interest of some overriding policy, is to be given a 'liberal' construction."

The Supreme Court has clearly and definitely established the rule that venue in patent infringement suits is governed exclusively by 28 U.S.C. § 1400 (b), and that Section 1400 (b) is not supplemented by the general venue statutes. *Stonite Products Co.* v. *Melvin Lloyd Co.* (1942), 315 U.S. 561, 563; *Fourco Glass Co.* v. *Transmirra Products Corp.* (1957), 353 U.S. 222, 228-9.

In *Fourco*, the Supreme Court said at page 229: "We hold that 28 U.S.C. § 1400 (b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. § 1391 (c)."

The plaintiff's position would require us to hold that Section 1400 (b) can be supplemented by the provisions of 28 U.S.C. § 1391 (d).[3] Some support for plaintiff's

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[2] *Olberding* v. *Illinois Central R. Co.*, 346 U.S. 338, 340.

[3] 28 U.S.C. §1391 (d) reads—"An alien may be sued in any district."

position is found in 1 Moore, Federal Practice, ¶0.142[6], at p. 1510, and in the District Court case of *Olin Mathieson Chemical Corp.* v. *Molins Organizations, Ltd.*, E.D.Va. (1966), 261 F.Supp. 436, which seems to have adopted Professor Moore's views.

The view expressed in *Moore* and in the *Olin Mathieson* case that in the case of alien corporations, §1391 (d) controls venue, seems to us to be unsound. This view rests ultimately on the proposition that *In re Hohorst* (1893), 150 U.S. 653, is still sound law.

In *Stonite, supra,* the Supreme Court traced the history of patent infringement venue prior to the enactment of the provision which is now § 1400 (b). The Court concluded, at page 566, ". . . Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings."

This view was reaffirmed in the *Fourco* and *Schnell* cases, both *supra.* The Court in *Fourco,* p. 228, called § 1400 (b) "a special venue statute applicable, specifically, to *all* defendants in a particular type of actions, *i.e.*, patent infringement actions." Thus, the enactment of § 1400 (b) and the construction given to that section by the Supreme Court make it clear that *Hohorst* cannot be relied upon to create a special exception to the rule that § 1400 (b) is the exclusive venue statute in all patent infringement actions.

Faced with two conflicting views as to the proper interpretation of Section 1400 (b), it is quite understandable that we have chosen to follow the interpretation so recently announced by the Supreme Court.

Since Section 1400 (b) controls venue in this case and the defendant does not have a regular and established place of business in the Northern District of Illinois, the order of the District Court dismissing the instant suit should be and is

AFFIRMED.

UNITED STATES SUPREME COURT

In re HOHORST, Petitioner.

150 U.S. 653 Decided December 18, 1893

THIS was a petition for a writ of mandamus to the Judges of the Circuit Court of the United States for the Southern District of New York, to command them to take jurisdiction and proceed against the Hamburg-American Packet Company upon a bill in equity, filed in that court on September 15, 1888, by the petitioner, described in the bill as of the city of New York, and a citizen of the State of New York against "the Hamburg-American Packet Company, a corporation organized and existing under the laws of the Kingdom of Hanover, Empire of Germany, and doing business in the city of New York; Henry R. Kunhardt, Sr., Henry R. Kunhardt, Jr., George H. Diehl, citizens of the United States and residents of the State of New York, and Arend Behrens and William Koester, citizens of the United States and residents of the State of New Jersey;" for the infringement by all the defendants of letters patent granted by the United States to the plaintiff for an improvement in slings for packages. Upon that bill the following proceedings took place:

A subpœna was issued, addressed to all the defendants, and was served on September 17, 1888, as stated in the marshal's return thereon, "upon the within named defendant, Henry R. Kunhardt, Sr., by exhibiting to him the within original, and at the same time leaving with him a copy thereof;" and "upon the within named defendant, Hamburg-American Packet Company, by exhibiting to Henry R. Kunhardt, Sr., general agent for said company, the within original, and at the same time leaving with him a copy thereof."

On November 5, 1888, the return day of the subpœna, a general appearance for all the defendants was entered by a solictor.

On December 18, 1888, the company, "by Kunhardt & Co., agents," filed a demurrer to the bill, for multifarious-

ness, for want of equity, "and for divers other good causes for demurrer appearing in the said bill of complaint" and not otherwise specified; and supported the demurrer by the affidavit of Behrens, that he was an agent of the company, that the demurrer was not interposed for delay, and that he was duly authorized to make the affidavit in behalf of the company.

On December 24, 1888, the plaintiff moved for leave to amend his bill, by alleging that the defendants jointly infringed his patent; and "that all of the defendants above named are inhabitants of the city and county of New York; that the defendant, the Hamburg-American Packet Company, has its principal business office in this country located in the city and county of New York; that the defendants Henry R. Kunhardt, Sr., Henry R. Kunhardt, Jr., George H. Diehl, Arend Behrens and William Koester are, and during the time of the infringement above set forth were, copartners under the firm name of Kunhardt & Company, and as such copartners are and were the agents and managers of the business of the Hamburg-American Packet Company in this country, and have their principal business office as such located in the city and county of New York; and that the said infringements were committed in the prosecution of such business, and all the defendants have coöperated and participated in all the said acts and infringements."

An affidavit of Behrens, filed in opposition to this motion, contained the following statements: "I do not regard it as true that the Hamburg-American Packet Company has its principal business office in this country located in the city and county of New York. The actual facts are that the said company has its docks, where all its steamers land and take and discharge cargo, situated in the State of New Jersey. There also is the office of the company for the transaction of the matters immediately connected with all its actual industrial operations in this country. Said company advertises that it has an office in the city of New York, which is the office of the firm of Kunhardt &

Co., is rented by Kunhardt & Co., and entirely under their control. It is in fact the office of Kunhardt & Co., agents for the Hamburg-American Packet Company; and in said office of Kunhardt & Co., and by Kunhardt & Co. as agents, the usual monetary and financial transactions of said Hamburg-American Packet Company are conducted. All the actual physical business of said Hamburg-American Packet Company within the United States, however, is conducted within the State of New Jersey, as aforesaid. It is not true that Kunhardt & Co. have, jointly with said Hamburg-American Packet Company, infringed the letters patent set forth in the bill of complaint. All operations of loading and unloading the cargo from the said Hamburg-American Packet Company's vessels in this country are performed in New Jersey as aforesaid, under the immediate direction and control of a superintendent especially employed and appointed by the Hamburg-American Packet Company for that purpose and whose salary or compensation is paid by said company, and with the direction and details of whose supervision of said loading and unloading the firm of Kunhardt & Co. have no concern and exercise no control."

On January 7, 1889, the company moved to dismiss the bill for want of jurisdiction.

On January 11, 1889, the motion to amend and the motion to dismiss were heard together; and the court denied the motion to dismiss, "but without prejudice to any subsequent demurrer, plea, answer or motion to dismiss, because of lack of jurisdiction;" gave the plaintiff leave to amend the bill, as prayed for, *nunc pro tunc* as of the time when it was filed; and gave the defendants leave to answer, plead or demur to the bill, as amended, on or before the first Monday of March. On February 2, 1889, the plaintiff filed a bill so amended.

On February 16, 1889, the company served on the plaintiff notice of hearing upon the bill and demurrer.

On February 21, 1889, the company moved for leave to amend its general appearance into a special appearance

for the specific and only purpose of moving to set aside the service of the subpœna upon it through its alleged agent Henry R. Kunhardt, Sr., and to dismiss the bill as against it for want of jurisdiction; and also moved to set aside the service and to dismiss the bill as against it, "because of lack of jurisdiction of this court over the person of said defendant."

An affidavit of Richard John Curtis, filed in support of this motion, stated that for several years he had been well acquainted with the details of the organization and residence and general business of the company; that its principal offices and place of business were and always had been at the city of Hamburg in the Empire of Germany, and the residences of all its directors and stockholders were within the territorial limits of that empire; and that it had never had an office in the city of New York, or at any place within the Southern District of New York.

On April 5, 1889, the court ordered that this motion be granted, unless the plaintiff should, within five days, file a stipulation to withdraw the amended bill as to the company, and to go to trial as to the company upon the original bill. 38 Fed. Rep. 273. No such stipulation having been filed, on April 11, 1889, the court ordered that the appearance be amended as moved for; that the service of the subpœna upon the company be set aside and quashed; and that the bill be dismissed as against the company.

From that order the plaintiff, on May 23, 1889, took an appeal, which was entered in this court on October 8, 1889, argued on March 13, 1893, and dismissed on March 27, 1893, for want of jurisdiction, because that order, not disposing of the case as to all the defendants, was not a final decree, from which an appeal would lie. 148 U. S. 262.

On May 1, 1893, an application was made to this court for leave to file the present petition, praying for a writ of mandamus to the Judges of the Circuit Court to take jurisdiction and proceed against the company in the suit

aforesaid, and to strike from the record the order of April 11, 1889, and to make such disposition of the suit as ought to have been made had that order not been made; and for such other relief in the premises as might be just.

On May 10, 1893, this court gave leave to file the petition, and granted a rule to show cause, returnable at this term. On October 17 a return was filed, setting forth the foregoing proceedings of the Circuit Court, and stating that the order of April 11, 1889, was made upon the following grounds:

1st. That it was made to appear, and the Circuit Court found, that the company had originally made a general, instead of a special, appearance in the suit, because of a justifiable mistake on its part as to the nature of the suit, caused by the plaintiff's own allegations in the original bill.

2d. That it appeared by the affidavits and other proceedings set forth in the record that the company is a corporation organized and existing under the laws of the Kingdom of Hanover, Empire of Germany, and is not, and was not at the time of the service of the subpœna upon Henry R. Kunhardt, Sr., an inhabitant of the Southern District of New York.

3d. That, upon the facts as presented to the Circuit Court, and shown by the record, it did not appear that said Kunhardt was at any time the general agent of the company, or such an agent that service upon him of the subpœna in the suit was sufficient to confer jurisdiction over the company.

Mr. Charles M. Demond for petitioner.

Mr. Walter D. Edmonds opposing.

Mr. Justice Gray, after stating the case, delivered the opinion of the court.

By the Constitution of the United States, art. 3, sect. 2, the judicial power shall extend to all cases, in law and

equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to controversies to which the United States shall be a party; to controversies between citizens of different States; between citizens of the same State claiming lands under grants of different States; and between citizens of a State and foreign States, citizens or subjects.

By the act of March 3, 1887, c. 373, §. 1, as corrected by the act of August 13, 1888, c. 866, "the Circuit Courts of the United States shall have original cognizance, concurrent with the courts of the several States, of all suits of a civil nature, at common law or in equity, where the matter in dispute exceeds, exclusive of interest and costs, the sum or value of two thousand dollars, and arising under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, or in which controversy the United States are plaintiffs or petitioners, or in which there shall be a controversy between citizens of different States," "or a controversy between citizens of the same State claiming lands under grants of different States, or a controversy between citizens of a State and foreign States, citizens or subjects." 24 Stat. 552; 25 Stat. 434.

The intention of Congress is manifest, at least as to cases of which the courts of the several States have concurrent jurisdiction, and which involve a certain amount or value, to vest in the Circuit Courts of the United States full and effectual jurisdiction, as contemplated by the Constitution, over each of the classes of controversies above mentioned; and (what particularly concerns the case at bar) Congress, following the very words of the Constitution, has here vested in those courts jurisdiction of controversies "between citizens of a State and foreign States, citizens or subjects."

The question then arises how far the jurisdiction thus conferred over this last class of controversies, and especially over a suit by a citizen of a State against a foreign

citizen or subject, is affected by the subsequent provisions of the same section, by which, after other regulations of the jurisdiction of the Circuit Courts and District Courts of the United States, it is enacted that "no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant; but, where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant."

Of these two provisions, the latter relates only to suits between citizens of different States of the Union, and is therefore manifestly inapplicable to a suit brought by a citizen of one of these States against an alien. And the former of the two provisions cannot reasonably be construed to apply to such a suit.

The words of that provision, as it now stands upon the statute book, are that "no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant." These words evidently look to those persons, and those persons only, who are inhabitants of some district within the United States. Their object is to distribute among the particular districts the general jurisdiction fully and clearly granted in the earlier part of the same section; and not to wholly annul or defeat that jurisdiction over any case comprehended in the grant. To construe the provision as applicable to all suits between a citizen and an alien would leave the courts of the United States open to aliens against citizens, and close them to citizens against aliens. Such a construction is not required by the language of the provision, and would be inconsistent with the general intent of the section as a whole.

This view is confirmed by a consideration of the earlier statutes upon this subject, which, although repealed, may properly be referred to in aid of the construction of exist-

ing laws. *Ex parte Crow Dog,* 109 U. S. 556, 561; *Viterbo* v. *Friedlander,* 120 U. S. 707, 725, 726. The corresponding provision, as originally enacted in the Judiciary Act of September 24, 1789, c. 20, § 11, continued in force for the greater part of a century, and retained in the Revised Statutes, applied only to inhabitants of the United States; for its words were that no civil suit should be brought "against an inhabitant of the United States by any original process in any other district than that whereof he is an inhabitant, or in which he shall be found at the time of serving the writ." 1 Stat. 79; Rev. Stat. § 739. The substitution, in the act of March 3, 1875, c. 137, § 1, of the words "against any person" for the words "against an inhabitant of the United States," has been assumed to be an immaterial change. 18 Stat. 470; *In re Louisville Underwriters,* 134 U. S. 488, 492; *Shaw* v. *Quincy Mining Co.,* 145 U. S. 444, 448. But if the act of 1875 could have been treated as extending the provision to suits against aliens, it could only be by virtue of the clause permitting defendants to be sued in the district in which they were found. That clause having been stricken out in the acts of 1887 and 1888, the provision, as it stands in these acts, must be limited by implication, as the provision in its original form was by express words, to inhabitants of the United States; and it is therefore inapplicable to an alien or to a foreign corporation.

Moreover, the present suit is for an infringement of a patent for an invention, the jurisdiction of the national courts over which depends upon the subject-matter, and not upon the parties; and, by statutes in force at the time of the passage of the acts of 1887 and 1888, the courts of the nation had original jurisdiction "exclusive of the courts of the several States," "of all cases arising under the patent-right or copyright laws of the United States," without regard to the amount or value in dispute. Rev. Stat. § 629, cl. 9; § 711, cl. 5. The section now in question, at the outset, speaks only of so much of the civil jurisdiction of the Circuit Courts of the United States, as is "concurrent with the courts of the several States," and

as concerns cases in which the matter in dispute exceeds two thousand dollars in amount or value. The grant to the Circuit Courts of the United States, in this section, of jurisdiction over a class of cases described generally as "arising under the Constitution and laws of the United States," does not affect the jurisdiction granted by earlier statutes to any court of the United States over specified cases of that class. If the clause of this section defining the district in which suit shall be brought is applicable to patent cases, the clause limiting the jurisdiction to matters of a certain amount or value must be held to be equally applicable, with the result that no court of the country, national or state, would have jurisdiction of patent suits involving a less amount or value. It is impossible to adopt a construction which necessarily leads to such a result. *United States* v. *Mooney,* 116 U. S. 104, 107; *Miller-Magee Co.* v. *Carpenter,* 34 Fed. Rep. 433.

It was contended in behalf of the company that this case was governed by the recent decisions of this court in *Shaw* v. *Quincy Mining Co.,* 145 U. S. 444, and *Southern Pacific Co.* v. *Denton,* 146 U. S. 202. But those decisions went no further than to hold that within the meaning of the Judiciary Acts a corporation cannot be considered a citizen, an inhabitant or a resident of a State in which it has not been incorporated; and that under the act of 1888 a corporation, incorporated in one of the United States and in that State only, cannot be compelled to answer in another State in which it has a usual place of business, and of which the plaintitff is not a citizen. In the first of those cases it was observed that the question what might be the rule in suits against an alien or a foreign corporation was not before the court, and might be governed by different considerations. 145 U. S. 453.

Upon deliberate advisement, and for the reasons above stated, we are of opinion that the provision of the existing statute, which prohibits suit to be brought against any person "in any other district than that whereof he is an inhabitant," is inapplicable to an alien or a foreign cor-

poration sued here, and especially in a suit for the infringement of a patent right; and that, consequently, such a person or corporation may be sued by a citizen of a State of the Union in any district in which valid service can be made upon the defendant. *In re Louisville Underwriters,* 134 U. S. 488.

The question, then, whether the Hamburg-American Packet Company was bound to answer to the suit brought by this petitioner against it, depended upon the question whether Henry R. Kunhardt, Sr., upon whom the subpœna was served, was such an agent of the company that service upon him as its agent was sufficient service upon the company.

The marshal's return upon the subpœna states that the service thereof upon the company was made by serving it upon said Kunhardt, "general agent for said company." This return, of course, is not conclusive of that fact. But upon the affidavits filed by the company, giving them the utmost effect in its favor, the real state of facts was as follows: There is no room for suggesting that there was within the district any director or other officer of the company, or any agent expressly authorized to accept service upon it. The company's docks where its steamships land and take and discharge cargo, and its office for the transaction of matters immediately connected with its actual industrial operations in this country, were in the State of New Jersey, and under the charge of a superintendent employed and paid by the corporation for the purpose, and not a member of the firm of Kunhardt & Co. But the usual monetary and financial transactions of the corporation were transacted by that firm, as agents of the corporation, at the office of the firm in the city of New York, which had been advertised by the corporation as its own office.

The firm of Kunhardt & Co. being the financial agents of the corporation, the office of the firm being in the city of New York, and being the office of the corporation for the transaction of its monetary and financial business in

this country, the service of the subpœna in New York upon the head of the firm as general agent of the corporation was a sufficient service upon the corporation. *St. Clair* v. *Cox*, 106 U. S. 350, 359; *Société Foncière* v. *Milliken*, 135 U. S. 304; *Mexican Central Railway* v. *Pinkney*, 149 U. S. 194; New York Code of Civil Procedure, § 432; *Tuchband* v. *Chicago & Alton Railroad*, 115 N. Y. 437.

The Hamburg-American Packet Company being liable to this suit in the Circuit Court of the United States for the Southern District of New York if duly served with process in the district, and having been so served, and the order of that court dismissing the suit as against the corporation not being reviewable on appeal at this stage of the case, there can be no doubt that mandamus lies to compel the Circuit Court to take jurisdiction of the suit as against the corporation. *Railroad Co.* v. *Wiswall*, 23 Wall. 507; *Ex parte Schollenberger*, 96 U. S. 369; *In re Pennsylvania Co.*, 137 U. S. 451, 452.

The order of the Circuit Court dismissing the bill as against the corporation was made on April 11, 1889. Six weeks afterwards, the plaintiff appealed from that order; and his appeal was entered in this court on the first day of October term, 1889. The appellee might, at that or any subsequent term, under Rule 6, have made and submitted on briefs a motion to dismiss that appeal; but never did so before the case was called for argument in the regular order of the docket on March 13, 1893. The delay in disposing of that appeal, therefore, was less owing to the plaintiff than to the defendant. The appeal was dismissed for want of jurisdiction on March 27, 1893; and within five weeks afterwards the plaintiff presented his application for leave to file this petition for a writ of mandamus, and obtained a rule to show cause, returnable at the present term. There is no ground, therefore, for imputing to him such laches as should deprive him of this remedy.

These reasons being conclusive in favor of issuing a writ of mandamus to the Circuit Court to set aside the order of dismissal, and to take jurisdiction of the bill as

against the defendant corporation, even if the appearance in its behalf in that court had been only a special appearance for the purpose of moving to dismiss the bill for want of jurisdiction, it is unnecessary to consider whether, under the circumstances of the case, the corporation was rightly allowed to amend its general appearance into a special appearance, or whether the action of the Circuit Court in that respect could be controlled by writ of mandamus.

Writ of mandamus to issue.

UNITED STATES DISTRICT COURT
E.D. Virginia, Richmond Division

Olin Mathieson Chemical Corporation

v.

Molins Organizations, Limited

Civil Action No. 4556 Decided December 6, 1966

261 F.Supp. 436

BUTZNER, District Judge.

The plaintiff, Olin Mathieson Chemical Corporation, has charged The Molins Organizations, Ltd., which will be called Organization, with infringement of two United States patents, Nos. 2,953,878 granted September 27, 1960 and 3,088,359 granted May 7, 1963. Organization moved to dismiss pursuant to Fed.R.Civ.P. 12(b) on the grounds that the court does not have jurisdiction over and that venue in this district is improper. The court concludes that venue against an alien infringer lies in any district and that process may be served in accordance with Virginia statutes. The motion to dismiss will be denied.

During the years pertinent to this action, Organization engaged in the manufacture and sale of machinery for the tobacco industry. It also held stock of subsidiary companies which in various parts of the world were engaged in manufacturing and selling machinery and parts for the tobacco industry. One of its subsidiaries was Molins Machine Co., Inc., which will be referred to as Corporation, a New York corporation organized in 1931 for the principal purpose of selling in the United States tobacco machinery manufactured by its parent. Corporation also manufactures and sells machinery parts.

The plaintiff recognizes that the English Organization and the American Corporation are separate entities. The plaintiff has filed another action in this court against Corporation for infringement of the same patents.

Corporation's offices are in New York and its only warehouse is in Richmond, Virginia. For the purposes of this

motion, Corporation is recognized to be doing business in Virginia, and the parties have discussed a limited number of sales of tobacco machinery with the understanding that the facts disclosed are typical of other transactions which took place in the state.

The scope of Organization's American market and its relation to Corporat[illegible] are shown in Monopolies Comm'n Rep. on the Suppl[illegible] of Cigarettes and Tobacco and of Cigarette and Tobacco Machinery (London: H.M.Stat.Off. 1961), ¶ 50:

> "Molins [Organization] estimates, nevertheless, that 60 per cent. of all cigarettes produced in the United States are made on Molins machines and 90 per cent. of all tobacco used there is cut on its machines. Molins goes on to say, that catering as it does for a world market of the greatest diversity, it has had to create an efficient and flexible organisation which can not only sell the machines but also provide instruction in their use and after-sales service. The company submits that it has, in fact, given 'a striking example of British ingenuity and enterprise which has secured for this country and maintained for this country a predominant position in the United States domestic market without any reliance whatever on any agreements or restrictions.'"

Nearly all of Organization's tobacco manufacturing machines are specially made. Corporation does not carry any inventory of machines. A tobacco company desiring to purchase machines negotiates the sale with officers of Corporation. The specifications and the performance warranties of the machines are approved by Organization; the actual warranty issues from Corporation. Orders are placed for the machines with Corporation. All machines are manufactured at Organization's works in England. Technical and sales conferences between representatives of tobacco companies and representatives of Organization are conducted at Organization's works in England. In

accordance with Organization's instructions, test material is sent directly to England from tobacco companies in the United States. A director of Organization visits in this country annually to review the results of Corporation's operations and to find out, at first hand, developments in the tobacco industry. At less frequent intervals he visits Corporation's facilities in Richmond. At the suggestion of an officer of Corporation, he has conferred in New York City with prospective purchasers of machinery.

All seven of the service, plant and design engineers of Corporation were former employees of Organization or a related English company. These employees benefit in their present pension plans by their previous employment in England.

Corporation does not manufacture any tobacco-making machinery, but it operates a machine shop independently of its tobacco machinery business. However, the greater portion of its revenues are derived from the sale of machinery made by Organization.

Corporation takes title to the machinery in England. The machines are then shipped directly to the tobacco company which has purchased them or to Corporation for forwarding to the tobacco company.

Service engineers employed by Organization have visited the Virginia factories of tobacco companies for advice and supervision in connection with installation and modification of the machines.

Organization provides purchasers with brochures on the machines. Brochures are also sent to Corporation.

I.

Subject matter jurisdiction of this action is conferred on this court by 28 U.S.C. § 1338(a) and is not contested.

Venue is contested. The court concludes that venue is proper under 28 U.S.C. § 139f(d), which provides:

"An alien may be sued in any district."

The court holds that 28 U.S.C. § 1400(b) does not exclusively govern venue in an action for patent infringement against an alien. This section states:

> "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

The defendant, an alien, does not reside in any judicial district and the first ground for determining venue under the statute is inapplicable. The second ground may or may not apply to an alien. Infringement alone does not establish venue. In addition, the defendant must have a regular and established place of business in the district. *Feder* v. *A. B. Fiedler & Sons,* 116 F. 378, 379 (C.C.S.D. N.Y. 1902). Although Corporation is a wholly owned subsidiary of Organization, Corporation's activities in Virginia do not cause Organization to have a regular and established place of business in Virginia. *Cannon Mfg. Co.* v. *Cudahy Co.,* 267 U.S. 333, 45 S.Ct. 250, 69 L.Ed. 634 (1925); *Manville Boiler Co.* v. *Columbia Boiler Co.,* 269 F.2d 600 (4th Cir. 1959), cert. denied, 361 U.S. 901, 80 S.Ct. 208, 4 L.Ed.2d 156 (1959).

Title 28 U.S.C. § 1400(b) exclusively determines venue for patent infringement proceedings against domestic defendants. *Stonite Products Co.* v. *Melvin Lloyd Co.,* 315 U.S. 561, 62 S.Ct. 780, 86 L.Ed. 1026 (1942); *Fourco Glass Co.* v. *Transmirra Prod. Corp.,* 353 U.S. 222, 77 S.Ct. 787, 1 L.Ed.2d 786 (1957); *Pure Oil Co.* v. *Suarez,* 384 U.S. 202, 206, 86 S.Ct. 1394, 16 L.Ed.2d 474 (1966) (dictum).

Aliens, however, can be sued for patent infringement in any district where they may be found. This was true before and after the enactment of 28 U.S.C. § 1400(b) and its predecessor, the act of March 3, 1897, c. 395, 29 Stat. 695. [Section 48 of the Judicial Code, 28 U.S.C. § 109 (1940 ed.)] *In re Hohorst,* 150 U.S. 653, 14 S.Ct. 221, 37

L.Ed. 1211 (1893); *Sandusky Foundry & Mach. Co.* v. *De Lavaud*, 251 F. 631 (N.D. Ohio 1918), rev'd in part on other grounds, 274 F. 607 (6th Cir. 1921); *United Shoe Machinery Co.* v. *Duplessis Independent Shoe Mach Co.*, 133 F. 930 (C.C.D. Mass. 1904), aff'd, 155 F. 842 (1st Cir. 1907). See *Japan Gas Lighter Ass'n* v. *Ronson Corp.*, 257 F.Supp. 219, 225 (D.N.J. 1966) (dictum); 1 Moore, Federal Practice ¶ 0.142[6] at 1510 (2d ed. 1964); 3 Walker, Patents, § 416 at 1616 (1937).

Neither *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 62 S.Ct. 780, 86 L.Ed. 1026 (1942) nor *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222, 77 S.Ct. 787, 1 L.Ed.2d 786 (1957) require that venue of suits against alien infringers be determined exclusively by 28 U.S.C. § 1400(b). These cases were against domestic infringers. The Court held that venue, limited by 28 U.S.C. § 1400(b), could not be enlarged by resort to general venue statutes pertaining to domestic defendants.

In *Stonite*, the Court pointed out that after *In re Hohorst* venue of patent proceedings became uncertain. The difficulty, however, was caused by allowing domestic defendants to be sued in districts appropriate for actions against aliens only. Congress remedied this situation by the act of 1897, which restricted venue to the district of which the defendant was an inhabitant, or any district in which the defendant infringed and had a regular and established place of business.

No sound policy exists for limiting venue in suits against aliens to the districts mentioned in 28 U.S.C. § 1400(b). Policy dictates that alien patent infringers may be sued in any district where they are amenable to service of process. Otherwise it might be possible that the alien could not be sued in any United States court. The first ground for establishing venue under 28 U.S.C. § 1400(b) is never available because aliens are not inhabitants of any district. 1 Moore, Federal Practice ¶ 0.142[6] at 1510. The second ground might not be available. It is quite possible that an alien infringer would not have a regular

and established place of business in any district. The court believes that Congress did not intend to enact an exclusive venue statute which, while providing for one or more districts for suits against every domestic infringer, does not afford a forum for suits against every alien infringer.

The court concludes that venue in the Eastern District of Virginia is proper under 28 U.S.C. § 1391(d), which allows an alien to be sued in any district.

II.

Ordinarily service of process in a patent case presents no great difficulty. The defendant is either a resident of the district or has a regular and established place of business there. Process may be served on his agent. 28 U.S.C. § 1694. However, Organization is an alien and has no regular and established place of business in the United States. For that reason service of process presents a situation not ordinarily encountered in patent litigation. The plaintiff served the Secretary of the Commonwealth of Virginia as statutory agent, and Corporation as agent. The court concludes that service was proper.

A party not an inhabitant or not found within the state in which the district court is held may be served with a summons in federal court in the manner prescribed by a statute of the state in which the court is sitting. Fed.R. Civ.P. 4(e, f).

Service of process in accordance with the state statute is available although the case concerns a federal question. *United States* v. *First Nat'l City Bank*, 379 U.S. 378, 85 S.Ct. 528, 13 L.Ed.2d 365 (1965); *Japan Gas Lighter Ass'n* v. *Ronson Corp.*, 257 F.Supp. 219 (D.N.J. 1966).

Section 8-81.3, Code of Virginia 1950 as amended, provides that when exercise of personal jurisdiction is authorized by § 8-81.2, service of process may be made on an agent or on the Secretary of the Commonwealth, who shall be deemed statutory agent.

Section 8-81.2 provides in part:

"(a) A court may exercise personal jurisdiction over a person, who acts directly or by an agent, as to a cause of action arising from the person's

(1) Transacting any business in this State;

(2) Contracting to supply services or things in this State;

(3) Causing tortious injury by an act or omission in this State;

(4) Causing tortious injury in this State by an act or omission outside this State if he regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered, in this State;

* * * * * *

(b) When jurisdiction over a person is based solely upon this section, only a cause of action arising from acts enumerated in this section may be asserted against him * * *"

An analysis of this statute may be found in Note, "The Virginia 'Long-Arm' Statute," 51 Va.L.Rev. 719 (1965).

Organization is amenable to service of process pursuant to § 8-81.2. Organization transacts business in Virginia within the meaning of subsection (a) (1). It sends its technicians and employees to the state for supervision of the installation and modification of equipment purchased from it. Its principal officer visits Virginia from time to time to confer with officials of its wholly-owned subsidiary concerning the sale of machinery. All seven of Corporation's service, plant and design engineers benefit from previous employment by Organization or other subsidiaries in their present pension plans with Corporation.

Title 35 U.S.C. § 271(b) provides:

"Whoever actively induces infringement of a patent shall be liable as an infringer."

Organization distributed its brochures of the accused machinery to tobacco companies in Virginia. By this means it actively induced infringement. This constitutes tortious injury by an act in Virginia covered by § 8-81.2 (a) (3).

Organization's delivery of title to the accused machinery to Corporation in England is not decisive. Organization's own acts in Virginia bring it within the purview of the statute. This conduct distinguishes the case from *Erlanger Mills, Inc.* v. *Cohoes Fibre Mills, Inc.*, 239 F.2d 502 (4th Cir. 1956). This activity also makes it unnecessary to consider the plaintiff's allegations that service of process can be sustained under subsection (a) (4) and that Corporation is Organization's agent.

We may not assume that the Supreme Court of Appeals of Virginia would give the statute such a narrow construction as to defeat the jurisdiction of her courts in a similar situation. Cf. *Wescott-Alexander, Inc.* v. *Dailey*, 264 F.2d 853, 860 (4th Cir. 1959). Nor does the due process clause of the United States Constitution forbid the assumption of personal jurisdiction under these circumstances. The volume of Organization's business in Virginia is not an issue in this case. The parties have stipulated for protection of Organization's trade secrets that volume would not be contested and that if jurisdiction and venue were established over one transaction, similar facts for other sales and transactions need not be proven. Organization has far more than minimal contacts in Virginia. Its employees intermittently work in Virginia. Its chief officer from time to time confers with employees of its wholly-owned subsidiary here. It distributes brochures of its machinery to Virginia companies. Corporation's employees in Virginia benefit from past employment by Organization. The maintenance of this suit does not offend traditional notions of due process and fair play. The requirements of due process are satisfied. *McGee* v. *International Life Ins. Co.*, 355 U.S. 220, 78 S.Ct. 199, 2 L.Ed.2d 223 (1957); *International Shoe*

Co. v. *State of Washington*, 326 U.S. 310, 66 S.Ct. 154, 90 L.Ed. 95 (1945); *Moore-McCormack Lines, Inc.* v. *Bunge Corp.*, 307 F.2d 910 (4th Cir. 1962). Cf. *Jackson* v. *National Linen Serv. Corp.*, 248 F.Supp. 962 (W.D.Va. 1965).

The defendant's motion to dismiss will be overruled.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967.

No. 443

COULTER ELECTRONICS, INC.,
Petitioner,

vs.

A. B. LARS LJUNGBERG & CO.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

Respondent states that there are no grounds upon which to issue a writ of certiorari and that the petition should be denied.

OPINIONS BELOW CONFORM TO THIS COURT'S DECISIONS.

The memorandum opinion of the District Court for the Northern District of Illinois (P. 1a)* and the decision of the Court of Appeals for the Seventh Circuit (P. 3a), reported at 376 F. 2d 743, are in complete accord with the recent applicable decisions of this Court in *Stonite Products Co.* v.

* Reference is to Appendix to Petition for Writ of Certiorari.

Melvin Lloyd Co. (1942), 315 U. S. 561, 563; *Fourco Glass Co.* v. *Transmirra Products Corporation* (1957), 353 U. S. 222-229; and *Schnell* v. *Peter Eckrich & Sons* (1960), 365 U. S. 260-264; and are not in conflict with any decision of another Court of Appeals on the same matter.

RESTATEMENT OF QUESTION PRESENTED.

Whether this Court's decision in *Stoneite*[1], *Fourco*[2], and *Schnell*[3], should be overruled, without legislation, to confer personal jurisdiction over Respondent, an alien residing in Sweden under the patent venue provisions of 28 U. S. C. 1400 (b), in conjunction with 28 U. S. C. 1391 (d), where it has been found that Respondent is not a resident of Illinois, that the presence of a sole distributor is not sufficient to meet the test of a "regular and established place of business", and where Respondent has no officers, agents or employees in this District or in the United States and exercises no control whatsoever over the distributor; where the Distributor is wholly independent and purchases incomplete instruments from Respondent in Sweden; where delivery is taken and title passes in Sweden to the distributor who undertakes complete responsibility for the product thereafter; where Respondent has no further obligation relating to the product from that point; and where the relationship between the distributor and Respondent is strictly one of "buyer and seller" and neither has been held out as the agent or principal of the other.

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1. *Stonite Products Co.* v. *Melvin Lloyd Co.* (1942), 315 U. S. 561, 563.

2. *Fourco Glass Co.* v. *Transmirra Products Corporation* (1957), 353 U. S. 222-229.

3. *Schnell* v. *Peter Eckrich & Sons* (1960), 365 U. S. 260-264.

RESTATEMENT OF FACTS.

Status of Respondent, A. B. Lars Ljungberg & Co.

Respondent, A. B. Lars Ljungberg & Co. ("Ljungberg"), is a Swedish corporation having its principal offices and place of business at Stockholm, Sweden; since as early as 1959 Respondent has been manufacturing in Sweden particle analyzing equipment sold in Europe under the trademark "Celloscope", but Respondent has neither made, used or sold "Celloscope" equipment in the United States (A-14-16; D. A. 31)*. Respondent, Ljungberg, does not have a place of business within this District nor does it own, rent or possess any offices, plant, warehouse, real estate, office equipment, factory equipment or other personal property in the Northern District of Illinois nor any place in the United States; and Respondent does not have an officer, employee, director, agent, or servant of any kind, within the Northern District of Illinois or within the United States of America. (A-14-16, 22-24; D. A. 20, 23-24.)

Attempted service of process for alleged patent infringement was made upon Particle Data Laboratories, Inc., an independent Illinois corporation through its President, Robert H. Berg. Neither Particle Data nor Berg is an agent or employee and neither is authorized to accept service for Respondent. (A. 14-16, 22-24; D. A. 19-20.) The return of services does not purport to have served Respondent, nor its agent, nor does it purport to have made service upon an officer, managing or general agent or any other agent authorized by appointment or by law to receive service of process for Respondent, Ljungberg. (A. 5-6.)

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* The designations below refer to pages in:
(A- .....) Plaintiff-Appellant's Appendix;
(D. A. .....) in Defendant-Appellee's Appendix;
(P. X. .....) Plaintiff's Deposition Exhibits;
(D. X. .....) Defendant's Deposition Exhibits.

Buyer-Seller Distributorship Status.

Particle Data has been operating an independent business from the same premises in Elmhurst, Illinois, since 1958, engaged in the sale of particle analyzing equipment and rendering particle analyzing services to others. (A-25-26; D. A. 31.) In June of 1964, Particle Data through Berg wrote to Respondent, Ljungberg, in Sweden, requesting literature and expressed an interest in selling its equipment. Subsequently, a signed Sales Agreement (D. X. A, A-16-21; D. A. 31) was submitted to Ljungberg in Sweden by Particle Data in July, 1964 and was finally executed by Ljungberg in Sweden at the end of July, and was still in full force and effect and the parties were accurately conforming to its terms (A-27) under which Particle Data purchases from Respondent, on orders accepted in Sweden, incomplete instruments which are delivered to Particle Data's carrier in Stockholm, Sweden, where title passes and Respondent has no further obligation or relation to the product. The relationship between Particle Data and Ljungberg was and is intended to be only of that of buyer and seller. (D. X. A, Par. 1, 4-7, 12; A. 17-20.)

Berg, on behalf of Particle Data, visited Ljungberg in Sweden in August, 1964 to make detailed arrangements; and no officer or agent of Respondent, Ljungberg, has visited the United States or Particle Data in the United States since the execution of the Sales Agreement. (D. A. 16-17.)

Operation of Distributor.

Particle Data was a totally independent distributor. All of the purchase orders, invoices, shipping tickets, letters of credit and other papers relating to purchases by Particle Data from Respondent, on every purchase made, was produced by Particle Data on subpoena and stipulation, and

examined by Petitioner's attorneys. There was not a single variation from the distributorship arrangement; the sales were made in Sweden, the instruments delivered to Particle Data's designated carrier in Stockholm, Sweden, on letters of credit, sight drafts or specific credit terms provided on the invoice; and title passed to Particle Data in Sweden. (D. A. 7-9, 24-27; P. X.-12 (A), (B) and (C), P. X.-13, P. X.-14 (A)-(F) and D. X. 2-10.)

Since commencement of the Sales Agreement on or about July 30, 1964, Particle Data purchased for its own inventory between 30 and 40 incomplete "Celloscopes" and sold less than 10. (D. A. 12-14; A-39-40.) The large majority were models 101-T which were delivered to Particle Data's designated carrier in Stockholm, Sweden, by Respondent as incomplete and inoperative machines which Particle Data completed in the United States by adding the majority of the operating circuitry, the transistors, the sensing element, the orifice cell, some aspects of the counter device and the sample metering siphon. (A. 32, 33, 52.) The Celloscope Models 202, of which only a few have been purchased, were also inoperative and completed by Particle Data in the United States by addition of the orifice cell or aperture tube. The instruments were sold as the product of Particle Data in the United States; and all advertisements, catalogue sheets and instruction manuals carry only the name of Particle Data.

No Representation of Agency.

Particle Data does not in any way hold itself out as the agent of Respondent, nor does Respondent represent Particle Data to be its agent. The closest reference to Respondent published by Particle Data was a statement in P. X.-4, a catalogue sheet on the Model 101-T which reads:

> "rugged, precise design created by World-famous Swedish talent."

and a similar statement in P. X.-9. (A-47-48.) All instruments carry only the Particle Data warranty; Respondent, does not warrant and is not obligated under any warranty to Particle Data or to the eventual user. (D. A. 21, 22; A-37; D. X. 1, P-1, Par. 4; A-18.) Particle Data, as sole user in the U. S. of the trademark, advertises "Celloscope" equipment as its own trademark, stands behind the product and makes the necessary repairs. (A. 36-37, 44-49; D. A. 22; P. X.-9, 10.)

Celloscope instruments have been shown at Trade Shows by Particle Data and Ljungberg has never been present at any of such shows nor ever present when Particle Data was soliciting an order for an instrument since the execution of the Sales Agreement. (A. 53-54; D. A. 16-17.) Particle Data has never been authorized by Respondent to do any acts outside of or beyond the Sales Agreement or to represent Ljungberg in any manner. (A-21.)

Respondent has no responsibility whatsoever for the instruments after they are delivered to Particle Data's carrier in Stockholm, Sweden and exercises no right, title or control over the resale conditions or price of the instruments and has no control or voice in Particle Data and its operations (D. A. 10, 11, 17-23); Particle Data's only obligation to Respondent is a debtor's obligation to pay for the instruments in accordance with the terms of the invoice by letter of credit or sight draft, and if there is any excessive postponement or request for extension of payment time Respondent makes no further shipment of goods. (A-42-43.)

Respondent Has No U. S. Premises.

Particle Data is not restricted in its operations to the completion and sale of Respondent's equipment but manufactures and sells other equipment and operates a particle analyzing service for others (A. 25, 26, 32-33; D. A. 11); Particle Data operates from its own premises and no part of its expenses, salaries, rent, taxes, advertising, travel or any other expense is paid or contributed by Respondent, Ljungberg (A. 18; D. A. 80); Particle Data is entirely an independent company which has been operating since 1958 and did not know the existence of Respondent or the "Celloscope" instruments until April or May of 1964. (D. A. 11.) Particle Data's only remuneration for the handling of Celloscope equipment is the profit made from the re-sale of said equipment out of its own inventory at prices which Particle Data determines without dictation or control from Respondent. (D. A. 10-11.)

Respondent does not hold out Particle Data as its agent or representative; nor does Particle represent itself as Ljungberg's agent (A. 44-49; D. A. 20-21); nor do the proofs show that Ljungberg is listed in any telephone book or directory in this District; nor is it shown that Respondent's name appears on the premises of Particle Data; nor does Respondent receive any mail, telephone calls or handle any business or appointments at Particle Data's premises. Respondent, has no employees, agents, officers, directors or servants, premises or property within the N. D. of Illinois, Judicial District or elsewhere in the United States. (D. A. 23-24; A-14-15, 18, 22, 23.)

Respondent maintains no stock of merchandise in this District or in the United States and has not and is not making, using or selling particle analyzing equipment in the United States. (D. A. 21-23; A-15-16, 22-23.)

Distributor Is Independent.

Particle Data makes no report of its sales to Respondent, nor has there been shown any interlocking directors, nor common officers, nor common employees or stockholders. Particle Data holds itself out as a distributor and/or manufacturer of the "Celloscope" equipment and sells through its own sales agents who are responsible only to Particle Data and submits quotation sheets to Particle Data for acceptance (D. A. 18-23, A-36-37); and no customer orders are ever submitted to Defendant nor do Particle Data's sales representatives have any contact with or responsibility to Respondent (A-36-37, D. X. 1 and 1A). (T-75-78.)

Proceedings in the District Court.

Petitioner filed its original Complaint (A-2) on July 1, 1964 (a month before Respondent entered into its Sales Agreement with Particle Data (A-2)), alleging that Defendant was doing business at the Palmer House in Chicago and on the same day had an order entered authorizing Herbert J. Singer to make service of process allegedly hoping to find Mr. Lars Ljungberg as a guest at the hotel, but this did not materialize. More than a year elapsed without issuing alias summons and after the case was set for disposition by Judge Decker, Petitioner filed an Amended Complaint alleging that Respondent has an office at Particle Data in Elmhurst, Illinois which "—is the sole and exclusive managing or general agent of said corporate defendant." (A-8.)

Summons was then served upon Robert H. Berg, as President of Particle Data, and Respondent filed its Motion to Quash Service of Process and to Dismiss. (A. 11-14.)

Respondent also pointed out that a separate suit and Counterclaim involving the identical apparatus and the

identical patents was instituted by the distributor Particle Data, against Plaintiff, Coulter in this District in 64-C-1032 and was filed prior to the instant case. (A. 14.)

After the filing of affidavits, the Deposition of Robert H. Berg and briefs of the parties, the District Court entered an Order granting Respondent's Motion to Dismiss on June 23, 1966 which Order was preceded by a letter opinion dated June 16, 1966. (A-72-74.)

The Court of Appeals affirmed the dismissal. (P. 3a-8a.)

ARGUMENT.

REASONS FOR NOT GRANTING THE WRIT.

1. Petitioner Seeks Judicial Legislation. The Court of Appeals accurately labeled Petitioner's Request as one "—asking us for 'judicial legislation' " and observes that it is a matter for Congress to change the patent venue statute. (A-6a, 7a.)

Petitioner Seeks a Redrafting of § 1400 (b). In order to accomplish the interpretation of 1400 (b) urged by Petitioner it would be necessary for Congress to rewrite the Statute to read as follows:

> "(b) Any civil action for patent infringement may be brought in the Judicial District where the Defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business, *except that an alien resident of a foreign country may be sued in any district where its alleged infringing product can be found.*"

Granting venue in any district over a non-resident alien would not be sufficient to obtain jurisdiction over the person and therefore the Service of Process under Rule 4 (d) (3)* of the Federal Rules of Civil Procedure would neces-

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* Rule 4 (d) (3) F. R. C. P:

(d) Summons: Personal Service. The summons and complaint shall be served together. The plaintiff shall furnish the person making service with such copies as are necessary. Service shall be made as follows:

• • • • •

(3) Upon a domestic or foreign corporation or upon a partnership or other unincorporated association which is subject to suit under a common name, by delivering a copy of the summons and of the complaint *to an officer, a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process* and, if the agent is one authorized by statute to receive service and the statute so requires, by also mailing a copy to the defendant.

sarily be rewritten to provide for the service of process by adding:

> *"—except that a resident of a foreign country may be served in patent infringement cases by leaving process with the owner and distributor of any product originating with defendant."*

It is questionable whether such changes in the statute and rule would stand the test of "due process."

2. Petitioner Seeks Extraterritorial Effect of Its U. S. Patent Monopoly. In requesting this Court to extend the construction of the Patent Statutes to obtain relief for infringement of its U. S. patents against the Respondent who manufactures and sells in Sweden, it must be noted that an action for patent infringement is a personal action against one who makes, uses or sells in violation of a patent monopoly within the territory of the United States. The action is not *in rem* and the existence or presence of the product itself is not actionable. Petitioner seeks to give extraterritorial effect and to expand the alleged monopoly of its United States patents to enjoin sales of apparatus occurring in Sweden where the U. S. Patents have no status. This is a mis-use of Plaintiff's patent and would constitute an unlawful attempted restriction on commerce in Sweden where no cause of action exists.

3. Remedy, If Any, Is Against Those Who Make, Use Or Sell in the U. S. Petitioner, if it has a cause of action, is not without remedy against those persons making, using and selling the apparatus in the United States; that is all the relief possible under the patent laws. There is already a suit and counterclaim involving the same unadjudicated patents and the identical apparatus between Petitioner and the distributor, Particle Data; and Plaintiff is engaged in a program of harassment against Particle Data's sales representatives, already having sued C. W. Alban & Co.

of St. Louis, Missouri and Scientific Supply Co. of Chicago, as of October 20, 1965 (D. A. 8-9, 17, 18; A. 62) and it is unlikely that Petitioner will have missed threatening and/or suing the laboratories, universities and hospitals which are Particle Data's customers.

4. Petition Makes Improper References to Facts Not of Record. Petitioner, in an apparent effort to create an image of public importance, has made references to alleged facts not appearing in the record and which were not considered by the District Court or the Court of Appeals, appearing for the first time in its Petition for Writ of Certiorari at pages 7, 9, 11 and 12, respectively, to wit: The United States Foreign Trade Summary Report; a Report by the Office of Special Representatives for Trade Negotiations; and the alleged President Commissions Report on the Patent System. Having been raised for the first time before this Court in the Petition, they should not be considered by this Court. *U. S.* v. *New York Tel. Co.* (1946), 326 U. S. 638; *Bassing* v. *Cody* (1908), 208 U. S. 386.

5. Petitioner Has Failed to Establish Any of the Considerations Governing Review on Certiorari Set Forth in Rule 19 of the Rules of the Supreme Court.

(a) **There Is No Conflict of Decisions.** Petitioner attempts to establish a conflict in the decisions of this Court by reference to *In Re. Hohorst* (1893)[1] and the decisions below which follow the *Stonite,*[2] *Fourco,*[3] and *Schnell*[4] decisions of this Court. In fact no conflict exists. The Patent Act of 1897 superseded *In Re. Hohorst,* and the subsequent statute has been thoroughly considered as to

1. 150 U. S. 653 (1893).
2. 315 U. S. 561 (1942).
3. 353 U. S. 222 (1957).
4. 365 U. S. 260 (1960).

alien defendants by this Court, as ably pointed out by the Court of Appeals in its decision (A-8a):

> "In *Stonite, supra,* the Supreme Court traced the history of patent infringement venue prior to the enactment of the provision which is now § 1400 (b). The Court concluded, at page 566, '. . . Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings.'
>
> This view was reaffirmed in the *Fourco* and *Schnell* cases, both *supra.* The court in *Fourco,* p. 228, called § 1400 (b) 'a special venue statute applicable, specifically, to all defendants in a particular type of actions, i.e., patent infringement actions.' Thus, the enactment of § 1400 (b) and the construction given to that section by the Supreme Court make it clear that *Hoffhorst* cannot be relied upon to create a special exception to the rule that § 1400 (b) is the exclusive venue statute in all patent infringement actions."

There is no conflict of decisions nor any dispute to be settled by the Supreme Court.

(b) Conflict is with Prof. Moore and Va. District Court. The only conflict with the Supreme Court's decisions in *Stonite, Fourco* and *Schnell* is the opinion of Professor Moore and a *District Court's* opinion in *Olin Mathieson Chemical Corp.* v. *Molins Organizations, Ltd.* (E. D. Va. 1966), 261 F. Supp. 436. Neither bears the authority for granting a Writ because of their disagreement with the decisions of this Court.

Professor Moore's position is admittedly contrary to the opinion of this Court in the *Fourco* and *Stonite* cases and Professor Moore states in discussing *Stonite*:

> "With the utmost deference, we believe that the opinion of the Supreme Court was unsound and that the Court of Appeals was correct." (Moore's Federal Practice, 2d Edition, Vol. 1, Page 1632.)

The cases relied upon by Professor Moore (Volume 1, Page 1510) all follow the rejected doctrine of *In Re. Hohorst* (1893), 150 U. S. 653, here urged by Petitioner, whose application to suits against "—an alien or a foreign corporation" for patent infringement was thoroughly discussed by this Court and rejected in *Stonite* v. *Lloyd* (1941), 315 U. S. 561, 565 where this Court held:

> "The Act of 1897 was adopted to define the exact jurisdiction of the Federal Courts in actions to enforce patent rights, and thus eliminated the uncertainty produced by the conflicting decisions on the applicability of the Act of 1887, as amended, to such litigation. That purpose indicates that Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings."

This Court affirmed its above position in *Fourco* v. *Transmirra* (1956), 353 U. S. 222, 228 and held:

> "We think it is clear that § 1391 (c) is a general corporation venue statute, whereas § 1400 (b) is a special venue statute applicable specifically to *all* defendants in a particular type of action, i.e., patent infringement actions." (Emphasis by the Court.)

The Court of Appeals, in the instant decision, acknowledging the conflict between the decisions of this Court and those of Professor Moore and the Virginia District Court stated (P. 8a):

> "Faced with two conflicting views as to the proper interpretation of Section 1400 (b), it is quite understandable that we have chosen to follow the interpretation so recently announced by the Supreme Court.
>
> "Since Section 1400 (b) controls venue in this case and the defendant does not have a regular and established place of business in the Northern District of Illinois, the order of the District Court dismissing the instant suit should be and is AFFIRMED."

CONCLUSION.

Respondent respectfully urges that the Petition for Certiorari be denied.

Respectfully submitted,

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